

SB 299 – Performance-Based Budgeting and Missouri Sunset Act

Performance-Based Budgeting Portion of SB 299 (Sections 33.210 - 33.810)

1. Section 33.210.2 requires the budget director to develop and implement a performance-based budgeting system.
 - The performance-based budgeting system is to:
 - Establish goals and objectives.
Response: In both the strategic plans and Form 5s, agencies establish objectives, or targets for improved performance.
Note: The terminology used in SB 299 is not consistent with the terminology used in the state's strategic planning model. The terms used in SB 299 aren't defined and appear to be used not as specific strategic planning elements but rather in a general usage manner. Therefore, we're interpreting the meaning behind SB 299's language rather than trying to apply strategic planning definitions to the literal words used.
 - Provide detailed measures of program and fund performance against attainment of planned outcomes.
Response: The Form 5 includes projections versus actual data for objective measures as required by SB 299. (Program performance measures, or measures of the effectiveness and efficiency of state programs, are objective measures in the state's strategic planning model.) Agencies don't yet have strong objective measures for every program but should continue to try to develop these measures. Agencies should include their existing program objective measures on their core Form 5s.
 - Provide for program evaluations.
Response: Agencies are asked to submit key system improvement plans along with the annual update to their strategic plans. These key system improvement plans evaluate agency programs, establish performance measures, and outline recommendations for improvement.
 - The section also reads that the Governor may and the General Assembly shall look at the past three years' projected versus actual program performance data in budget decisions.
Response: An additional year of historical data (including actual versus projected data) has been added to the Form 5 objective and output measure boxes to comply with this provision.
2. Section 33.270.2 requires that the budget submitted to the General Assembly include:
 - The past three years' projected versus actual program performance data as well as program performance measurement projections for the current fiscal year and the next two fiscal years.
Response: An additional year of historical data (including actual versus projected data) has been added to the Form 5 objective and output measure boxes to comply with this provision.
 - The most recent reports done by the State Auditor and any evaluations done by Oversight for each fund and program.
Response: In order to comply with this provision, agencies have been instructed to include in their budget submissions a separate form for their programs. The form includes the program name, the type of report being referenced (Audit Report, Oversight Evaluation, or Sunset Act Report), the date the report was issued, and a website where the report can be located.

Note: The actual language in sections 33.210.2 and 33.270.2 reads "all outcome measures used for each program and fund as compared with the attainment of the established goals and objectives of each program and fund for the past three fiscal years." Section 33.270.2 further calls for "projected outcome measures for each program and fund for the current fiscal year and the next two fiscal years." This language is being interpreted to call for the use of historical, projected versus actual objective measure data as well as future objective measure projections in budget decisions.

3. Sections 33.800 - 33.810 change detail base reviews to performance-based reviews.
- The performance-based reviews are to be made on a rotating basis, with a majority concurrence of the House Budget Chair, Senate Appropriations Chair, and Budget Director, provided that every department, division, or agency shall be reviewed at least once every five years after January 1, 2005.
 - The House Budget Chair, Senate Appropriations Chair, and Budget Director are to decide what the review will cover, which may include the entire budget, budget subclasses, selected programs, and program and fund outcome measures.
 - Performance-based reviews are to be completed by December 31 rather than by October 1 of each year.

Missouri Sunset Act Portion of SB 299 (Sections 23.250 – 23.298)

The Missouri Sunset Act portion of SB 299 establishes a six year sunset on new programs enacted after August 28, 2003. All programs subject to the act must undergo a program review before they can be reauthorized. Reauthorized programs are reauthorized for an additional twelve years.

Detailed below is a timeline for the review of programs subject to Missouri Sunset Act. We have several years before these sunset reviews begin (the first programs won't be up for reauthorization until August 28, 2009.) The Committee on Legislative Research, however, is authorized by SB 299 to do a sunset review of any existing program at any time (Section 23.253.4.)

Sunset Review Timeline:

By 2 years prior to a program's sunset (before October 30) – The administering agency is to report to the Committee on Legislative Research information on how the program meets the evaluation criteria specified in the bill. The evaluation criteria are:

1. The efficiency with which the program operates;
2. Program objectives and whether those objectives have been achieved;
Any activities beyond what is granted in statute and what the authority for those activities is;
3. An assessment of less restrictive or alternative methods of performing rules or regulations that could adequately protect the public;
4. Program duplication and program consolidation possibilities;
5. Agency recommended statutory changes that would benefit the public;
6. The promptness and effectiveness with which the agency disposes of customer complaints;
7. The extent of public participation in rule making and decisions (as opposed to participation solely by those being regulated) and how that participation has resulted in rules compatible with the program's objectives;
8. Compliance with equal employment opportunity and privacy requirements;
Compliance with Minority Business Enterprise/Women Business Enterprise purchasing goals;
9. Any statutory changes needed to comply with these criteria;
10. The extent to which the agency issues and enforces rules relating to potential conflicts of interests of its employees;
11. Compliance with Chapter 610, RSMO and records management practices that enable the agency to respond efficiently to requests for public information; and
12. The effect of federal intervention or loss of federal funds if the program is sunset.

By 1 year prior to a program's sunset (before September 1) – The Committee on Legislative Research has a year to review the information supplied by the agency, conduct a performance evaluation of the program, and prepare a written report. During this year, they can consult with House Budget, Senate Appropriations, Budget and Planning, the State Auditor, and the State Treasurer on the program evaluation criteria.

September 1 to December 1 of the year prior to the program's sunset – The Committee on Legislative Research is to conduct public hearings on the program evaluation criteria.

At the beginning of the legislative session of the year prior to the program's sunset – The Committee on Legislative Research is to present to the General Assembly and the Governor the reports on all programs scheduled to sunset that year. Reports shall include:

1. Recommendations on the sunset, continuation, or reorganization of each affected program and on the need for the performance of the functions of the program;
2. Recommendations on the consolidation, transfer, or reorganization of programs within state agencies not under review when the programs duplicate functions performed in programs under review;
3. Recommendations on appropriation levels for each program for which sunset or reorganization is recommended; and
4. Drafts of legislation necessary to carry out the committee's recommendations.

Other Elements of the Missouri Sunset Act:

- The Committee on Legislative Research will present to the State Auditor any recommendations that do not require a statutory change. The State Auditor shall examine the recommendations and shall prepare, as part of the next scheduled audit of the program, a report on how the agency has implemented the recommendations.
- Programs that have been inactive for two years may be exempted from sunset reviews.
- The General Assembly may terminate a program before the sunset date or consider any legislative changes relating to programs subject to the Missouri Sunset Act.
- Sections 23.283 – 23.298 provide details on how programs are to be sunset.